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FOREIGN CROPS and MARKETS

UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF FOREIGN AGRICULTURAL RELATIONS
WASHINGTON, D. C.

Vol. 43

December 29, 1941

No. 26

NOTICE

The public circulation of Foreign Crops and Markets will be discontinued with this issue. Information that may be released without giving aid or comfort to the enemy will be distributed in special circulars and press releases until further notice.

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A report entitled The Amazon Basin Brazil Nut Industry, by Walter R. Schreiber, commodity specialist, will be available for distribution in the near future. Copies may be obtained, upon request, from the Office of Foreign Agricultural Relations, United States Department of Agriculture, Washington, D. C.

L A T E C A B L E S

BRAZIL: Three American and one British packing house in Rio de Janeiro have received orders for the delivery in 1942 of 69,000 tons of canned corned beef from the British Government. Prices to be paid are as follows: 7s.4d. (\$1.48) per dozen for 12-ounce tins, grade 1; 53s.9d. (\$10.84) per dozen for 6-pound tins, grade 1; 6s.10d. (\$1.38) per dozen for 12-ounce tins, grade 2; 51s.3d. (\$10.34) per dozen for 6-pound tins, grade 2.

SWEDEN: Press comments on the Swedish-German trade agreement for 1942, signed on December 19, in general express satisfaction that despite many serious difficulties an agreement was concluded. In the new agreement Germany promises to deliver essential raw materials in quantities almost equal to those provided for in the 1941 agreement. Misgivings were expressed, however, about the new credits to which Sweden has had to agree. Such new credits apparently were made necessary by the fact that total German deliveries during 1942 will be smaller than Swedish exports to Germany.

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G R A I N SWINTER SEEDINGS OF BREAD GRAIN,
NORTHERN HEMISPHERE, PROBABLY REDUCED . . .

Indications point to decreased seedings of winter bread grains for the 1942 crops, although few official estimates have been received in the Office of Foreign Agricultural Relations. Unfavorable weather, the lack of labor, and the movement of military forces have made field operations difficult during recent months in many countries that normally seed a large part of the winter-grain crop in the world.

In North America, the total winter acreage seeded to wheat and rye was reduced by about 6 million acres. The acreage sown to winter wheat in the United States was officially estimated at 39,318,000 acres, a reduction of about 14 percent from the comparable figure for 1941. The rye acreage was increased by less than 2 percent to 6,289,000 acres. In Canada, seedings of winter wheat were expanded by 13 percent to 756,000 acres, and those of rye by 6 percent to 889,000 acres, but the acreages of these crops are small in comparison with the large spring-sown acreage of wheat, and the decline in area of winter wheat in the United States far surpasses any gains reported in the two countries.

WHEAT AND RYE: Winter seedings in the United States and Canada,
for harvest 1940-1942

Country and crop	1940	1941	1942	Percentage 1942 is of 1941
	1,000 acres	1,000 acres	1,000 acres	Percent
<u>Winter wheat:</u>				
United States	43,216	45,663	39,318	86.1
Canada	775	669	756	113.0
Total	43,991	46,332	40,074	86.5
<u>Winter rye:</u>				
United States <u>a/</u>	5,536	6,182	6,289	101.7
Canada	786	838	889	106.1
Total	6,322	7,020	7,178	102.3

Official crop reports.

a/ Estimates of seeded acreage relate to the total acreage of rye sown for all purposes, including an allowance for spring-sown rye.

In Europe, winter set in early, especially in the southern countries. The weather became more seasonable early in November, and fall seedings were then reported to have been speeded up, but they were again checked by the return of winter conditions and appear to have fallen below the level

of the past season over wide areas. In the United Kingdom sowing was somewhat delayed, but early plants were reported in good condition, and plans for a 50-percent increase in cultivated areas over the pre-war level were announced. On the Continent all field work has been hampered by adverse weather and the shortage of labor. In the Danube Basin, especially in Rumania, an unusually early and severe winter has been reported, but snow cover for early plants was considered adequate. The Government of Bulgaria assumed complete control over agricultural production, and a plan was approved for allotting to each district, village, etc., the acreage to be devoted to winter seedings in order to meet wartime requirements. Lack of labor has made field work difficult in Italy, and no increase in grain seedings appeared probable there. A law was announced in the German press by which, it was said, French wheat production during 1941-42, would be regulated. The French farmers were accordingly directed to seed an acreage equal to that of 1937-1938, or about 12.5 million acres, but no reports on actual seedings in France or in Germany are available. In occupied areas of the Soviet Union, reports indicate that the German plan to seed winter grains was a failure, and elsewhere some reduction probably occurred.

India suffered considerably from lack of rain during seeding time, and soil conditions over wide areas were considered unfavorable early in December for wheat. The outcome of the crop, however, will depend largely on the rainfall received during January and February.

From such scattered items, it appears that with the exception of the British Isles, where the fall weather was none too favorable, winter acreages generally have not come up to expectations. On the other hand, every effort will doubtless be made in European countries to increase spring sowings, which, if successful, may offset any decline in their winter areas.

SWEDISH GRAIN SUPPLY REDUCED . . .

The 1941 bread-grain crop of Sweden was officially estimated at 10 percent below that of 1940, according to information received in the Office of Foreign Agricultural Relations, and the production of feed grains was reduced by 15 percent. Unfavorable weather conditions during the early part of the year and again at harvest time were considered responsible for the poor returns, since the grain acreage was generally increased; that of the bread grains was nearly 3 percent larger. All the expansion occurred, however, in the rye and mixed-grain areas, with the former returning a larger crop than in 1940 and the latter a smaller one. The total grain crop, expressed in short tons, amounted to about 2.2 million short tons as compared with slightly more than 2.5 million in 1940, of which the bread grains accounted for about 685,000 and 757,000 tons, respectively.

**SWEDEN: Acreage and production of grain, average 1934-1938,
annual 1939-1941**

Year	Average 1934-1938	1939	1940	1941
	1,000 acres	1,000 acres	1,000 acres	1,000 acres
Acreage				
Winter wheat	556	626	536	438
Spring wheat	161	207	227	270
All wheat	717	833	763	708
Winter rye	505	417	404	439
Spring rye	20	15	18	20
All rye	525	432	422	509
Total bread grain ..	1,242	1,265	1,185	1,217
Barley	250	258	264	241
Oats	1,640	1,631	1,569	1,552
Mixed grain	619	623	702	719
Total feed grain ..	2,509	3,777	3,720	3,729
	1,000	1,000	1,000	1,000
Production				
	bushels	bushels	bushels	bushels
Winter wheat	21,105	25,903	9,945	7,029
Spring wheat	4,482	5,728	5,514	5,464
All wheat	25,587	31,631	15,459	12,493
Winter rye	15,863	13,558	10,129	10,767
Spring rye	451	361	339	295
All rye	16,114	13,919	10,468	11,062
Total bread grain a/	1,206	1,339	757	685
Barley	9,792	10,643	8,694	7,211
Oats	86,621	87,570	64,562	53,455
Mixed grain b/	25,695	27,161	21,960	19,713
Total feed grain a/	2,030	2,308	1,769	1,501

Compiled from official statistics.

a/ 1,000 short tons. b/ Converted to bushels of 48 pounds.

Stocks of bread grain carried over from the 1940 crop were estimated on August 31 at 138,000 short tons as compared with 386,000 tons on the corresponding date of 1940. The total supply for the current season of only 823,000 tons was much smaller than that for 1940-41 and considerably below the normal domestic disappearance of Sweden, which during 1931-1935 averaged about 1,100,000 short tons. No official export statistics are now published by the Swedish Government, but a recent statement indicated that insignificant quantities of wheat and rye were imported during January-September, about 300 and 14,000 bushels, respectively. Under the Government control and rationing system in force, however, it appears probable that available supplies will be stretched in an effort to meet home needs. Regulations were issued soon after the harvest regarding admixtures to wheat flour (see Foreign Crops and Markets for December 1, 1941), and distilleries have been allotted decreased amounts of barley and mixed grains for

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the production of spirits this season. Certain restrictions in the bread and flour rations have also been made, such as the ruling that children under 7 years of age should receive an allowance about 25 percent smaller than that of others. (See Foreign Crops and Markets, May 19, 1941.)

In the case of feed grains, the production of which was even more reduced than that of bread grains, the Government Food Commission worked out regulations by which allotments were to be made to farmers for their various animals. Straw fodder and concentrated feeds were similarly treated. No information regarding carry-over stocks is available but some quantities of oats and corn were imported during January-September, as well as bran, oil cakes, and other feeds, but they were not so large as in the corresponding period of 1940.

In spite of the prices fixed by the Government for the grains during the 1941-42 season, which carried an acreage supplement to compensate for poor crops (see Foreign Crops and Markets, October 6, 1941), the farmers are reported to be far from satisfied. Negotiations have therefore been undertaken in an effort to solve the acute economic problems resulting from the reduced outturn of the 1941 crops. It appeared probable, however, that price readjustments would be made affecting butter and milk rather than the grains, in view of the fact that prices for the latter had already been established for the current season.

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TUNISIAN WHEAT SUPPLY REPORTED ADEQUATE . . .

Wheat supplies in Tunisia this year are not only adequate for domestic needs but are large enough to permit exports to unoccupied France, according to information received in the Office of Foreign Agricultural Relations. The total 1941 crop was unofficially estimated at about 15 million bushels as compared with 11 million bushels harvested in 1940. About 1.8 million bushels of bread wheat are said to have been exported to unoccupied France since June 10, but a million and a half bushels of durum, expected to have been shipped to the same destination, were retained in the country. Normally exports of wheat from Tunisia total from 5-6 million bushels, the bulk of which goes to France. The grain trade is completely controlled by the Government, and by a decree of November 6, 1941, producers of wheat were obligated to sell, or deliver, before January 1, 1942, all the crop available for sale. The delivery premium formerly paid on wheat exported to France of 11 francs per metric quintal (about 7 cents per bushel) will be paid for that wheat only which is actually sold before the date set. Weather conditions are reported to have been favorable for field operations during the fall months, and seedings for 1942 progressed satisfactorily.

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C O T T O N - O T H E R F I B E R S

**SOUTH BRAZIL COTTON ACREAGE MAY BE
HIGHER THAN LAST YEAR . . .**

Early unofficial estimates based on seed-distribution reports indicate that the area planted to cotton in Southern Brazil, to be picked from March to June 1942, is equal to and possibly 10 percent greater than that of a year ago. Weather conditions have been favorable in all sections and planting was nearly completed by the end of November. The second official production estimate released in August placed the 1940-41 Southern Brazil crop at 1,908,000 bales (of 478 pounds), making a total of 2,557,000 bales for all Brazil.

Exports of cotton from Brazil during the year ended July 31, 1941, totaled 1,333,000 bales and were the second highest on record. Shipments to Japan ceased about the end of August, and those to China about a month later.

Carry-over in Sao Paulo at the end of the season (February 28) is expected to be between 450,000 and 700,000 bales, and the largest on record despite heavy exports in the early part of the season. Stocks in Sao Paulo on March 1, 1941, were privately estimated at 255,000 bales, about 160,000 of which had been sold for export. Practically all warehouse space in the State is already being utilized, and considerable anxiety is felt concerning the storage problem that is likely to develop when the new crop begins to arrive in March 1942.

Sao Paulo mills are still operating at a very high level and are expected to consume about 325,000 bales during the current season compared with about 220,000 bales last year. Relatively large textile orders from export sources, together with a strong local demand, have required the full-time operation of Sao Paulo mills.

Spot sales were low in November, and prices of Sao Paulo type 5 fluctuated between 7.08 and 9.40 cents per pound, about the same level as in October. The Federal Government's loan rate announced on November 3, 1941, for this grade of ginned cotton of the 1942 crop is equivalent to 8.13 cents in Sao Paulo and 2.44 cents for unginced cotton at interior points. The cotton must be delivered at designated warehouses in the State of Sao Paulo, even if grown in another State. The interest rate is 7 percent. The initial period of a loan is 6 months, but it may be renewed for another 6 months or sold to the Government. Other charges deducted from the loan value of the cotton deposited include freight to the warehouse destination, fire insurance, and storage. The Government has been requested to extend the same loan provisions to holders of cotton from the 1940-41 crop, but the proposal is expected to be rejected because most of the cotton has passed out of the hands of growers.

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WAR IN THE PACIFIC CUTS
PERU'S COTTON TRADE . . .

The outbreak of war in the Pacific will seriously curtail Peru's cotton export trade, since Japan and China accounted for about 221,000 bales or 64 percent of total exports during the first 11 months of 1941, according to information received in the Office of Foreign Agricultural Relations. Exports to Japan during that period amounted to 211,000 bales compared with only 59,000 and 36,000, respectively, for the entire years of 1940 and 1939. Relatively low prices of Peruvian cotton and limited access to Egyptian cotton were the chief factors influencing the heavier movement to Japan.

Cotton exports to European countries, principally Great Britain, during the 5 years ended July 31, 1940, averaged 290,000 bales and accounted for 79 to 93 percent of Peru's total cotton exports. The loss of markets on the European Continent and the decline in shipments to the United Kingdom after the fall of France and the extension of the British naval blockade in June 1940, caused cotton exports from Peru to drop sharply in the latter half of that year. In 1941, however, increased shipments to Japan and many lesser markets, including Chile, Colombia, and the United States, have offset the loss of markets in Europe.

Exports thus far in 1941 have already exceeded the estimated 1941 crop of 340,000 bales, but cessation of shipments to the Far East at this time still leaves a large surplus in the country, with little possibility of disposal. Since the 1941 exports presumably include the carry-over from 1940, estimated at 208,000 bales, and since domestic mills have consumed about 43,000 bales, stocks of all cotton at the end of November apparently amounted to 160,000 bales compared with year-end stocks in recent years of 50,000 to 75,000 bales. Most of the 1941 crop has passed out of the hands of producers. Sales of 1941 cotton recorded by the Cotton Chamber to October 23, plus unrecorded sales, are estimated to have totaled 285,000 bales, or 84 percent of the crop. Yields this year were reduced by unfavorable weather and insect damage, and the final estimate is expected to be even lower when picking is completed in the Piura district and a number of the southern valleys.

Prices of Tanguis cotton at Lima averaged 69.70 soles per quintal (10.57 cents per pound) in September compared with 67.65 soles (10.26 cents) in August, and 46.09 soles (6.00 cents) in September 1940. Prices of Pima during the respective months averaged 102.64 soles (15.57 cents), 94.14 soles (14.28 cents), and 75.21 soles (11.41 cents). Those for Acala were 64.98 soles (9.86 cents), 61.55 soles (9.34 cents), and 43.74 soles (6.64 cents), respectively. These prices are far above the Government-loan rates, which range from 6.07 cents to 6.83 cents per pound.

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F R U I T S, V E G E T A B L E S, A N D N U T SARGENTINE FRUIT CROPS REDUCED 1/ ...

Unfavorable weather conditions, particularly the frequent and intense frosts during September, are responsible for the reduced 1941 fruit crops in Argentina, according to information received by the Office of Foreign Agricultural Relations. The Argentine Ministry of Agriculture has officially estimated the 1941 commercial crop of pears at 3,020,000 bushels (of 50 pounds), a decline of 16 percent below the crop last year; the apple crop is estimated at 2,457,000 bushels (48 pounds), a decline of 23 percent, and the peach crop at 1,628,000 bushels (of 48 pounds), or a drop of 46 percent. The fact that heavier crops were to be anticipated in Argentina this year because of the increased bearing surface of the trees makes the reduced production even more striking.

No information is available as yet as to the varietal breakdown of the current crop, nor has definite information on the export outlook this season been received. As yet the export surplus cannot be estimated, and the effects of the United States entrance into the war cannot be evaluated, especially as regards the volume of shipping space available and the competition of other commodities of greater wartime urgency for the space available.

UNITED STATES: Imports of fresh pears from Argentina,
January-July, 1937-1941

Month	1937	1938	1939	1940	1941
	<u>Bushels</u>	<u>Bushels</u>	<u>Bushels</u>	<u>Bushels</u>	<u>Bushels</u>
January.....	0	0	882	0	1,763
February....	17,966	10,667	51,028	76,410	23,337
March.....	43,094	27,415	17,611	82,247	113,488
April.....	467	0	7,355	14,034	24,124
May.....	273	0	6,191	25,758	53,300
June.....	2,646	0	1,297	20,684	72,552
July.....	0	0	0	18,719	a/ 569
Total.....	64,446	38,082	84,364	237,902	289,133

Compiled from official records, Bureau of Foreign and Domestic Commerce.
Converted to bushels of 50 pounds.

a/ September.

With reference to the exchange of notes in connection with the trade agreement between the United States and Argentina signed October 14, 1941, regarding the possibility of a limitation on exports of Argentine fresh pears to the United States during 1942, the Argentine Government has

1/ For previous articles, see Foreign Crops and Markets for August 25, and November 10, 1941.

informed the Government of the United States, particularly in view of the short crop prospects that it expects exports of Argentine fresh pears to the United States will not exceed 200,000 boxes (of about 44 pounds) prior to April 1, 1942, and that total exports during 1942 will not exceed the total in 1941. United States imports last season amounted to about 289,000 bushels (of 50 pounds) or the equivalent of about 326,000 boxes, which is presumed to be the volume expected to be shipped to the United States in 1942.

SPAIN TO SHIP SURPLUS ORANGES TO GERMANY ...

Spain has agreed to ship surplus oranges and mandarins to Germany under the terms of an agreement reached between the Spanish National Orange Syndicate and the Reich Office for Horticultural Products, according to information received by the Office of Foreign Agricultural Relations. After insuring the necessary volume of fruit for consumption in the country, the Spanish Government has indicated that it will make available for exportation to Germany the largest amount possible out of the remainder.

Under this agreement, the Spanish Syndicate has undertaken to inform the Reich Office bimonthly of the minimum quantity reserved for export to Germany and the Reich Office will accept this quantity on behalf of German fruit importers at prices and on terms agreed upon in the contract. Prices included in the contract are for mandarins and the following varieties of oranges: Common, Navels, Seedless, Ruby Round Bloods, Blood Ovals, and Imperial Vernas. The prices are f.o.b. the Franco-Spanish border. The fruit is to be packed in boxes of 25 kilograms (55 pounds) and American-type boxes of 28 kilograms (62 pounds), net.

Payment is to be made through the official Spanish-German Clearing Account. It is provided that 60 percent of the invoice value is to be paid upon presentation of documents against shipment, while 40 percent will be settled by the German importer after arrival of the fruit at the destination and inspection and acceptance of the consignment.

Under present circumstances, it is difficult to evaluate this agreement in terms of estimating the quantities likely to move to Germany. In the 1940-41 season, the Spanish orange crop was estimated at 20,471,000 boxes (70 pounds), of which 10,618,000 boxes were exported. The volume remaining for domestic consumption, therefore, amounted to 9,853,000 boxes. Of the exports 9,483,000 boxes, or 89 percent, of the total moved to Germany. The crop for the 1941-42 season is considerably below that for the previous year and has been preliminarily estimated at 14,172,000 boxes. The export surplus, accordingly, is likely to be substantially below that of the previous year. It would appear, therefore, that the volume of Spanish fruit moving to Germany in the 1941-42 season may be below that of the previous season despite the agreement.

SPAIN: Exports of oranges, by principal countries, 1935-36,
1939-40, and 1940-41

Country	1935-36	1939-40	1940-41
	<u>1,000 boxes</u>	<u>1,000 boxes</u>	<u>1,000 boxes</u>
United Kingdom.....	6,580	2,682	332
Germany.....	5,649	0	9,483
Belgium.....	1,874	342	0
Netherlands.....	1,848	586	6
Sweden.....	444	107	36
Norway.....	342	243	49
Denmark.....	167	33	0
France.....	47	762	472
Switzerland.....	0	55	212
Others.....	11,576	1,650	28
Total.....	28,527	6,460	10,618

Boxes of 70 pounds.

TURKEY HARVESTS ANOTHER SHORT FILBERT CROP;
WALNUT CROP GOOD . . .

The preliminary estimate of the 1941 filbert crop in Turkey places production at 28,000 short tons, unshelled, compared with the short crop of 27,500 tons in 1940 and an average of 65,400 tons in the 5-year period, 1935-1939. The quality of the new crop is reported as somewhat better than that of 1940. The curtailed production is due largely to the unfavorable weather conditions during the growing season, especially the lack of rainfall. Weather during the harvesting period was reported as satisfactory. It is calculated that the crop is made up of 80 percent rounds and 20 percent pointed.

Carry-over from the short 1940 crop is reported to be negligible. Stocks in the middle of September were estimated at between 600 and 700 short tons of shelled nuts, all of which were concentrated at Black Sea ports. During the summer exports to Germany, Hungary, and Slovakia were very heavy, and exporters moved not only practically the entire 1940 crop but all the carry-over from the 1939 production.

The market for the new season has been quite active, and a large number of transactions have been carried out on a speculative basis. Purchases have also been made for future shipments to central Europe as soon as shipping facilities become available.

Prices this year are considerably above those prevailing last season. In fact, the Government's minimum price set for exports is almost double the average prices prevailing in 1940. On May 20, 1940, the exportation of filberts, as well as other commodities, was made subject to the control of the export-license system.

TURKEY: Estimated production of filberts and walnuts,
1929-1941

Period	Filberts	Walnuts a/
	Short tons	Bags
Averages -		
1929-1933	44,700	135,000
1934-1938	56,000	156,000
1931-1940	53,700	147,000
Annual -		
1929	10,600	110,000
1930	66,000	175,000
1931	37,000	150,000
1932	56,000	100,000
1933	54,000	140,000
1934	35,500	150,000
1935	71,000	220,000
1936	68,000	150,000
1937	77,000	100,000
1938	28,600	160,000
1939	82,500	100,000
1940 <u>b/</u>	27,500	200,000
1941 <u>c/</u>	28,000	210,000

Estimates of the Office of Foreign Agricultural Relations.

a/ In bags of 110 pounds.

b/ Revised estimates.

c/ Preliminary estimates.

The preliminary estimate of the 1941 walnut crop places the production at 210,000 bags (of 110 pounds) compared with the revised 1940 production estimate of 200,000 bags and the average of 146,000 bags for the 5 years, 1935-1939. The quantitative estimate for the 1941 walnut crop, however, is preliminary and based upon scattered information only. Revision may be made later as new information becomes available. The quality of the new crop is thought to be better than the very poor quality of the 1940 production.

Carry-over from last year's crop is small and adequate only for local consumption, with no surplus for export. Nuts had not begun to arrive from the interior by the middle of September, and, accordingly, no indications as to prices are available. The export market was reported as dull.

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L I V E S T O C K A N D A N I M A L P R O D U C T SSOUTH AMERICAN BEEF EXPORTS INCREASE . . .

The war demand for beef from the United Kingdom and the United States and higher prices are expected to result in a considerable increase in exports from South America in 1941 above 1940. Slaughter in packing plants in Argentina and Uruguay in the first 8 months of 1941 was 9 percent above the same period of 1940. In 1939 exports from Argentina, Uruguay, and Brazil combined rose to 1,600 million pounds and were 5 percent above 1938. A decline, however, occurred in 1940 after the fall of France. The South American cattle industry is now looking up, but exports are still not equal to those before the Ottawa Agreement of 1932.

South American beef exports have been on a lower level since 1932, the year of the Ottawa Agreement. That year the United Kingdom, in the interest of the British livestock producers, placed restrictive quotas on imports of foreign meat. Imports of chilled beef, the type preferred on the British market, was affected less than frozen beef.

The restriction necessitated some readjustment of the industry in South America, and there was some shift from exports of frozen to canned beef with the purpose of marketing some of the surplus in the United States. As part of the readjustment process, these countries concentrated on producing superior quality beef, which would bring the highest prices, and encouraged increased domestic consumption by selling more of the better grades of beef at home.

The creation of the Argentine Meat Board was the way in which Argentina met this crisis. In October 1933, as an indirect outgrowth of the Ottawa Agreement, the Argentine Meat Board (Junta Nacional de Carnes) was set up to make a study of the Argentine cattle industry, especially. As a result of this study the Corporation of Argentine Meat Producers was established. It is a corporate organization of producers, and all livestock producers are obligated to become members. It was established with the purpose of securing better returns for producers by raising the price paid by freezing companies to producers.

In order to accomplish this purpose, the Corporation began purchasing cattle and sheep at the principal Argentine cattle market in May 1935, and in June began purchasing direct from producers in competition with the large packing plants. Recent aims of the Corporation are: (1) to purchase some packing plants and have their own sales organization; (2) to extend both the domestic and foreign market for Argentine beef; (3) to try new cuts, preparations, and products, adequate to supply the varying tastes of consumers, often with modest incomes; and (4) to make technical investigations for the purpose of improving and lowering the cost of present methods of processing and freezing.

Similar steps were taken or had already been taken in the other important beef-producing countries of South America. The Uruguayan Government established the National Freezing Plant (Frigorifico Nacional) in 1929. The State of Rio Grande do Sul in Brazil established the Meat Institute of Rio Grande do Sul (Instituto Sul Rio-Grandense de Carnes) by decree of July 14, 1934, which began functioning in October 1935. This State is one of the largest cattle producing states in Brazil and together with Sao Paulo furnishes practically all of the meat packed for export.

Although, according to latest census figures (1938) Brazil had 42.6 million cattle, and Argentina only 34.3 million head, Argentina continues to be the leading beef-exporting country of the world. Uruguay has about 8 million head. Abundance of grass and alfalfa and a favorable climate permits Argentina to produce excellent cattle the most economically in the world. The meat industry in that country is well organized, and importing countries can depend on uniformity of grade and finish. These three countries combined, Argentina, Uruguay, and Brazil, produced on the average, 6 billion pounds of commercial beef in the 5-year period, 1927-1931, and exported 1,740 million pounds of beef and veal, or roughly 29 percent of the quantity produced.

SOUTHERN HEMISPHERE: Commercial beef and veal production, exports, and percentage exported, specified periods, 1914-1940

Country and item	Unit	Average 1914- 1918	1924 a/	Average		Annual		
				1927- 1931 b/	1932- 1936 c/	1938	1939	1940
<u>Argentina</u>		Million						
Production d/	pounds	3,110	4,351	4,151	4,084	4,494	4,803	4,623
Exports e/	do	1,053	1,829	1,286	1,001	1,156	1,214	1,004
Percentage exported	Percent	34	42	31	25	26	25	22
<u>Uruguay</u>		Million						
Production	pounds	403	447	513	459	f/508	f/506	f/497
Exports e/	do	242	317	276	188	194	179	175
Percentage exported	Percent	60	71	54	41	31	39	35
<u>Brazil</u>		Million	h/					
Production	pounds:	g/808	1,160	i/1,268	1,621	1,920	j/	2,715
Exports e/	do	2	17	i/178	117	146	175	309
Percentage exported	Percent	0.2	1.5	14	7	8	j/	11

Compiled from official sources. a/ Year of largest exports up to that time. b/ 5 years preceding Ottawa agreement. c/ 5 years following Ottawa agreement. d/ Includes estimate for quantity produced on farms, based on 1,000,000 head slaughtered annually. e/ Includes canned meat, which is chiefly beef. f/ Estimates for total based on packing-house slaughter including the National Freezing Company at Montevideo. g/ Year 1909. h/ Year 1926. i/ 4 years, 1928-1931. j/ Not available.

Prior to 1932, i.e., in the 5-year period 1927-1931, Argentina exported 1,286 million pounds of beef and veal, which represented 31 percent of the commercial production of that country. During the next 5-year period, exports fell to 1,001 million pounds and represented only 25 percent of production. The percentage has not changed materially since that year. Both production and exports increased in 1938 and 1939, but production increased more than exports. In 1939, when production reached 4,803 million pounds, exports amounted to 1,214 million pounds and represented 25 percent of production. Production decreased in 1940 by 4 percent to 4,623 million pounds and exports also decreased to 1,004 million pounds, representing 22 percent of the quantity produced.

The year of heaviest beef exports from Argentina was in 1924, following the World War, when they reached 1,829 million pounds and represented 42 percent of production. The heavy shipments were due principally to increased demand from continental European countries whose cattle herds had been reduced by the war.

Since 1932, there has been a material increase in canned-beef exports to the United States and the United Kingdom. In 1931 such exports amounted to only 121 million pounds, declining to 97 million in 1932. Exports increased to 182 million pounds in 1939. The United States has been one of Argentina's best customers, and increased purchases of this kind of beef are indicated by official Argentine exports from 11 million pounds in 1932 to 41 million pounds in 1939. The duty on that type of meat was lowered from 6 to 3 cents per pound in the Argentine Trade Agreement, which became effective November 15.

Per capita consumption of beef in Argentina has increased materially in the past decade from 221 pounds in 1931 to 276 pounds in 1940. British purchases of Argentine beef in the new 12-month contract period beginning October 1 exceeded actual exports to that country last season by 6 percent at prices 7.5 to 10 percent higher. It is stated that the whole exportable surplus has been contracted for by Britain. Last season the United Kingdom took 964 million pounds of Argentine beef (including canned) or 92 percent of exports to all countries. The United States took 4 percent of the total in the form of canned beef, leaving only 4 percent of the exports for other destinations.

Uruguayan beef exports were affected even more than those of Argentina as a result of the British quota placed on imports of foreign beef. Exports in the 5 years 1932-1936 averaged only 188 million pounds, or 41 percent of commercial production, compared with 276 million pounds, or 54 percent of production, in the 5-year period preceding the Ottawa Agreement. In 1940 exports amounted to 175 million pounds and represented 35 percent of production. Exports to the United States

of canned beef from Uruguay have been small as compared with exports from Argentina and Brazil and represent a small proportion of total Uruguayan exports.

Packing house slaughter in Uruguay, including the National Freezing Company, in the first 8 months of 1941 was 9 percent larger than in the same period of 1940. Latest advices are to the effect that cattle of desired slaughter weights are scarce at present, due to the heavy slaughter to fill British orders. There are plenty of cattle to fatten, however. It is just a case of waiting until they reach the desired slaughter weight.

Beef and veal production in Brazil has increased steadily and is estimated at 2,715 million pounds for 1940. A smaller proportion of Brazilian beef is exported than is the case in Argentina and Uruguay. The percentage exported represented only 8 percent of commercial production in 1939 against 14 percent in the 5-year period 1927-1931.

Brazilian beef lacks uniformity, which has made it difficult to build up a trade with countries requiring meat of uniform quality. Furthermore, the industry is scattered over a wide area and transportation facilities are limited. As the industry is geared primarily to domestic requirements and as consumer purchasing power is relatively low and prohibits paying a premium for better grades, improvement in herds has been slow.

In normal times, much of the beef produced in Brazil is made into Xarque (dried or jerked) and exported to other parts of Brazil. Prior to the war exports of frozen and chilled beef were mainly to the United Kingdom, France, and Italy, whereas canned beef exports were principally to the United States.

Brazil's potentialities for increased exports of beef are indicated by the large increase in exports in 1940 when they rose to 309 million pounds and were the largest in history. The only other year in which these exports were even approached in size was in 1930, when 241 million pounds of beef and veal were shipped out of the country. Exports in 1940 exceeded the preceding year by 77 percent and were over 100 percent larger than in 1938.

It is reported from Rio De Janeiro that around 90 percent of the total in 1940 went to the United Kingdom, i.e., practically all the frozen and chilled beef, reported at 207 million pounds, and 75 percent of the canned beef, total exports of which amounted to 102 million pounds; the remainder of the canned beef went to the United States. Keen British demand for beef, accompanied by higher prices, was the reason for the unusually large increase in exports. In the first 6 months of 1941, beef exports amounted to 120 million pounds.

ARGENTINE DAIRY INDUSTRY
STIMULATED BY LARGE UNITED STATES
AND UNITED KINGDOM PURCHASES . . .

Large United States and United Kingdom purchases during the first 8 months of 1941 stimulated the Argentine dairy industry to the greatest record of production and trade in its history, according to recent reports received in the Office of Foreign Agricultural Relations.

Production of creamery butter for the first 10 months of 1941 was 15 percent greater than during the same period of 1940, while production of cheese and casein were, respectively, 21 percent and 19 percent greater, during the first 9 months of 1941 as compared with the same period of 1940. No October cheese and casein production figures are yet available.

ARGENTINA: Production and stocks of creamery butter, January-October, and of factory cheese and casein, January-September, 1940 and 1941

Month	Creamery butter		Factory cheese		Casein	
	1940	1941	1940	1941	1940	1941
	1,000	1,000	1,000	1,000	1,000	1,000
<u>PRODUCTION</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>	<u>pounds</u>
January	8,627	10,192	10,328	13,812	4,339	7,191
February	8,241	9,310	10,558	12,394	4,367	5,062
March	7,811	9,268	10,807	12,976	3,915	4,583
April	6,638	7,504	8,671	10,251	3,261	3,142
May	5,580	5,908	7,930	8,404	2,577	3,183
June	4,367	4,661	6,662	7,266	2,396	2,822
July	4,101	4,689	6,334	7,773	2,842	2,401
August	4,308	5,229	7,075	9,398	3,036	3,366
September	5,247	6,640	8,238	11,867	3,717	4,370
October	7,989	8,805	-	-	-	-
Total	62,909	72,206	77,803	94,141	30,450	36,120
<u>STOCKS</u>						
January	5,904	12,577	45,525	44,348	22,535	25,514
February	7,716	10,562	46,936	44,180	24,392	26,513
March	10,370	7,112	47,741	44,443	26,636	26,250
April	11,138	4,720	44,215	43,704	27,877	22,917
May	11,429	4,209	51,158	40,033	23,968	15,183
June	6,750	3,269	40,077	35,474	19,872	9,193
July	1,953	2,630	37,253	32,427	17,862	8,419
August	1,259	2,743	35,527	35,556	17,690	6,700
September	2,004	3,512	34,707	35,549	19,288	6,713
October	4,350	5,842	-	-	-	-

Compiled from Boletín Estadístico, Republico Argentina.

Despite the larger production, there has been no accumulation of stocks. Stocks of cheese at the end of September were only 2 percent

larger than a year earlier, while casein stocks were only about one-third as large as on the same date of 1940. Stocks of butter, on the other hand, were 34 percent larger at the end of October than a year earlier, but the total was relatively small. This would tend to indicate that the demand therefor has been greater than production capacity. Exports of all three products showed an even more significant rise than production. Butter exports were 36 percent higher, casein exports 68 percent higher, while cheese exports showed a phenomenal rise of 204 percent during the January-October period of 1941 as compared with the same 10-month period of 1940.

ARGENTINA: Annual exports of butter, cheese, and casein,
1936-1940

Year	Butter		Cheese		Casein
	1,000 pounds		1,000 pounds		1,000 pounds
1936	a/	21,779	b/	2,191	44,440
1937	a/	18,470	b/	2,681	35,915
1938		16,175		4,363	29,436
1939		19,747		5,746	45,338
1940		28,230		11,440	44,004

Compiled from the Boletín Estadístico República Argentina.

a/ Does not include 859,794 pounds in 1936 and 888,454 pounds in 1937 used for provisions on ships.

b/ Does not include 619,492 pounds in 1936 and 586,424 pounds in 1937 used for provisions on ships.

The United Kingdom was by far the greatest market for Argentine butter during the January-October period, having taken about four-fifths of all of Argentina's butter exports. In line with the recent policy with other countries, however, the United Kingdom has shifted mainly to cheese imports, and only a very small quantity of butter was exported to England from Argentina during the month of October, the latest month for which export figures are available.

The United States was much the largest market for both cheese and casein, having imported over 36,000,000 pounds of cheese and 19,100,000 pounds of casein. These large United States cheese imports have been brought about by the European war. Italy formerly supplied cheese to the United States in sizable quantities, but these imports have all been cut off for some time. The United States then turned to Argentina for supplies of the Italian-type cheese, and through increased and improved production methods, Argentina has been partially fulfilling those demands. The wide use of casein in plastics and other materials, both for defense and nondefense purposes, has brought about the large United States casein imports.

GENERAL AND MISCELLANEOUSCUBA AND THE UNITED STATES
SIGN SECOND SUPPLEMENTARY
TRADE AGREEMENT

A second supplementary trade agreement between the United States and Cuba was signed on December 23, 1941. It supplements and amends the trade agreement of August 24, 1934, between the two countries, which was first amended by the supplementary agreement of December 18, 1939. Concessions under the agreement are applicable exclusively to Cuba and the United States, and are not applicable to any other countries.

Under the new agreement Cuba grants to the United States additional reductions in duty on certain agricultural products from the United States, including many kinds of fruit - fresh, dried, preserved, and juices; certain vegetables - fresh and canned; certain canned soups and sauces; cornstarch used for food; glucose; and alfalfa meal.

In addition, Cuba agrees not to increase the duty on canned tomato soup from the United States and on certain other starches used for food. Cuba also agrees to reduce the requirement of 1 percent minimum acid content in crude soybean oil from the United States to 0.5 percent.

The table on page 836 shows the reductions in Cuban import duties on United States agricultural products under the new agreement.

The United States grants concessions on the following agricultural products imported from Cuba: Sugar, molasses, and sirups; cigar tobacco and cigars; certain tropical fruits and fruit pastes and pulps; fresh, chilled, or frozen beef; and frog legs.

The duty on 96° sugar imported from Cuba is reduced from 90 cents to 75 cents per 100 pounds but takes into account the extension of sugar-quota legislation under which the quantities imported from Cuba would continue to be subject to quotas. The duty on Cuban cigar tobacco is reduced, but the maximum quantity of cigar filler and scrap tobacco to which the reduction is applicable remains, as before, at 22 million pounds, unstemmed-leaf equivalent.

The duty on beef and veal (fresh, chilled, or frozen) from Cuba is reduced from 4.8 cents to 3 cents per pound. The new rate on beef will be the same as the rate already in effect on canned beef from Argentina.

CUBA: Duty reductions granted by Cuba on specified agricultural products
imported from the United States

Product	Cuban currency		United States	
	per		currency equiva-	
	kilogram		lent per pound	
	Old	New	Old	New
	rate	rate	rate	rate
	Centavos	Centavos	Cents	Cents
<u>FRUIT:</u>				
Fresh -				
Apples, pears, peaches, plums,				
cherries, grapes, and other				
similar fruit except citrus ..	1.20	0.80	0.54	0.36
Dried or evaporated -				
Except figs and raisins	2.80	1.365	1.27	0.62
Preserved -				
Pears, peaches, plums, apricots:				
and others except citrus	6.00	4.20	2.72	1.91
Mixtures containing the above..	(6.00 to	4.20	(2.72 to	1.91
	(9.60		(4.35	
<u>FRUIT JUICES:</u>				
Grape juice and cider	1/6.30	1/2.73	1/2.86	1/1.24
<u>VEGETABLES:</u>				
Fresh -				
Cauliflower, celery, cucumbers				
and others except tomatoes				
and cabbage, from June 1 to				
October 31	1.60	1.20	0.73	0.54
Canned.-				
Peas, sweet corn, and asparagus:				
2/	7.20	4.20	3.27	1.91
Other canned or packed vege-				
tables not specifically classi-				
fied 2/	8.40	4.20	3.81	1.91
Beans, canned, all kinds 3/...	(7.20 to	4.20	(3.27 to	1.91
	(14.40		(6.53	
<u>SOUPS:</u>				
Canned (except tomato) 3/	(7.20 to	7.20	(3.27 to	3.27
	(14.40		(6.53	
<u>SAUCES:</u>				
Mustards, and seasoning except				
tomato products	9.60	4.20	4.35	1.91
<u>CORNSTARCH</u> , edible	6.00	3.64	2.72	1.65
<u>GLUCOSE</u> , for industrial purposes..	1.50	1.20	0.68	0.54
<u>ALFALFA MEAL</u>	1.60	1.20	0.73	0.54

1/ For grape juice and cider the rate of duty is per liter.

2/ Including vegetables whole or strained but not canned vegetable juices.

3/ Whether or not prepared with meats, condiments, or similar substances.

The following table shows the new duty rates on the Cuban agricultural products imported into the United States.

UNITED STATES: Concessions granted by the United States on agricultural products imported from Cuba

Product	Duty per pound		Ad valorem equivalent on basis of 1940 imports	
	Old	New	Old	New
	rate	rate	rate	rate
	Cents	Cents	Percent	Percent
SUGAR, 96°	0.9	0.75	54	45
MOLASSES AND SIRUPS:				
Edible molasses	1/2/ 0.2	2/ 0.1	79	40
Liquid sugar	2/ 0.2	2/ 0.1	38	19
Industrial molasses	3/ 0.024	3/ 0.012	4	2
TOBACCO:				
Wrapper - unstemmed 4/ ..	120.0	91.0	35	26
Filler - stemmed	25.0	20.0	38	30
Filler - unstemmed	17.5	14.0	32	26
Scrap tobacco	17.5	14.0	64	51
Cigars	225 + 12%	180 + 10%	44	35
FRUIT:				
Mangoes	12.0	6.0	165	82
Not otherwise specially provided for	28%	14%	28	14
BEEF AND VEAL:				
Fresh, chilled, or frozen	4.8	3.0	66	41
FROG LEGS:				
Fresh, chilled, frozen, prepared, or preserved .	5/ 4.8	6/ 2.4	24	12

1/ Imports of edible molasses from Cuba under an annual tariff quota under the trade agreement with the United Kingdom (January 1, 1939) have been dutiable at the basic rate of 0.133 cent per gallon.

2/ Duty shown in the basic rate per gallon testing up to 48 percent total sugars. A 10-percent higher duty rate is applicable for each additional percent of total sugar.

3/ Duty shown in the rate per pound of total sugar content.

4/ Including filler when mixed or packed with more than 35 percent of wrapper.

5/ But not less than 16 percent ad valorem.

6/ But not less than 10 percent ad valorem.

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